

February 8, 2002

California Power Authority
901 P Street, Suite 142A
Sacramento, CA 95814

Re: Energy Resource Investment Plan

Ladies/Gentlemen:

The Orange County Business Council (Business Council/OCBC) appreciates the opportunity to comment on the Energy Resource Investment Plan (Investment Plan).

The Business Council represents several hundred companies in Orange County, including the county's largest employers and many small businesses. Our primary objective is countywide economic prosperity. We recognize the importance of a strong community infrastructure to support the needs of residents and businesses, and to ensure continued economic growth. Our companies suffered significantly during the 2001 energy crisis and will continue to feel its impact through increased energy bills that inflate their cost of doing business and jeopardize their global competitiveness. If we are to steer California's economy back toward its rightful place in the world economy, we must alleviate for business and for the jobs business provides, the uncertainties of energy cost and supply issues. Accordingly, the Business Council is a strong advocate for long-term planning to meet needs such as energy, water, and transportation and we support the dedication of stable sources of funding to ensure adequacy in supply and capability in these areas.

The Business Council has not undertaken a comprehensive or technical review of the draft Investment Plan. However, we would like to offer the following thematic observations based upon our cursory review:

- The state should encourage and facilitate private investment in energy production of all types through public policy and regulatory incentives and streamlined permitting processes. The Investment Plan appears to fail to recognize the ongoing role that traditional energy sources will play in sustaining California's economy, particularly for large manufacturers in the state whose energy bills have doubled, who have already incurred significant costs in back-up generation, and who must be able to purchase large quantities of reliable energy as cost effectively as possible.
- State funding and investment incentives that promote advances in technology leading to cleaner sources of supply and greater energy efficiency are appropriate. However, for the reasons stated above, public policy and regulatory movement

toward clean and renewable energy supplies should not in any way discourage private development of the more traditional energy sources upon which we will continue to rely for the foreseeable future.

- Market forces, not the lack of support for private investment in energy development, should be allowed to protect against the possibility of oversupply.
- Competition, fostered by public policy and regulatory incentives and coupled with the proper management of maintenance schedules through the Independent System Operator or other appropriate oversight agency, will stem potential inclinations to restrict supply artificially. The state's concern over "short rations" should translate into actions that promote competition.
- The Investment Plan suggests the possibility of state ownership of power plants. The Business Council does not support state ownership of power plants. Moreover, we believe that the extension of eminent domain authority to the California Power Authority is inappropriate.

The Business Council commends the California Power Authority for promoting constructive discussion of the best ways to secure our energy future and for this opportunity to comment. We look forward to the ongoing development of the Energy Resources Investment Plan.

Sincerely,



Stan Offelie
President and CEO



Julie Puentes
Executive Vice President, Public Affairs

cc: Governor Gray Davis
Legislative Leadership
Orange County legislative delegation